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REPORT

United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 26-82

WASHINGTON, June 30--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

INDIA will likely produce a record rice crop for 1982/83, according to the U.S. agricultural counselor in New Delhi. The prediction is based on adequate irrigation from the snow melt in the Himalayas and a strong government effort to increase foodgrain production. India is encouraging higher production by bringing more area into rice production through reclamation of fallow lands and by expanding irrigation coverage. India has declared 1982 the "year of productivity". However, the U.S. agricultural counselor cautions that the 1982 monsoon, during June-September, will ultimately affect the size of the 1982/83 rice crop, for which predicted figures for which will be released in mid-July.

The 1982 INDIAN wheat production may be about 1 million tons below the official USDA June 10 estimate of 37.5 million tons, but equal to last year's harvest, according to the U.S. agricultural counselor in New Delhi. Unseasonal rains delayed harvest activity, which should now be complete. The rains also caused some tonnage loss and quality damage. The forecast for Indian wheat imports during July 1982-June 1983 is 2 million tons.

BRAZIL recently bought 60,000 tons of wheat from France for delivery in October 1982. The agreement calls for a 3-year credit at just over the prevailing London Interbank Rate (LIBOR), and with payment due at the end of the credit period. The reported sale price was \$139.93 per ton, f.o.b.

Brazil imported 315,000 tons of French wheat in the 1978/79 July/June year, and 112,000 tons in 1981/82. This latter purchase made up about 3 percent of Brazil's total wheat imports for that marketing year.

When France exports wheat to Brazil, it competes directly with the United States, which supplies most Brazilian wheat imports. Brazil has bought about two-thirds of its wheat imports from the United States over the last 5 years, exceeding 3 million tons in 1981/82. Brazilians have combined guaranteed credit (GSM-102) with cash purchases when buying from the United States. They have indicated that credit availability is an important element in Brazil's import decisions.

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CZECHOSLOVAKIA, hit by short grain crops and limited foreign exchange, is trying to stretch its supplies of concentrate feeds. As part of that policy, it is encouraging cattle production based on forage feeding and discouraging hog production, which uses large quantities of concentrate feeds. The poultry sector, an intensive user of concentrates, will be allowed to expand further because poultry is very efficient in converting grain to meat.

Reflecting that policy, the national cattle herd during 1981 increased by 101,000 head, or 2 percent, while hog numbers fell by 600,000 head, or 7.5 percent. Poultry numbers remained about the same. Pork production rose 5 percent during 1981 due to larger-than-normal slaughter rates. Forecasts for 1982 indicate a buildup in cattle numbers of about the same magnitude, but a much slower drop in hog numbers.

OILSEEDS AND PRODUCTS

During April, fishmeal production and stocks in the FISHMEAL EXPORTERS ORGANIZATION (FEO) countries, which account for the lion's share of world exportable supplies, gained while exports declined. The data with comparisons are as follows in 1,000 tons:

Country	Jan-Apr 1981			Jan-Apr 1982		
	Production:		Exports:	Ending:	Production:	
	:	:	Stocks:	:	:	Stocks
Chile	126	111	100	193	174	224
Iceland	45	45	12	19	35	10
Norway	144	79	119	127	57	106
Peru	149	58	124	168	106	189
South Africa	75	1	42	53	--	14
Total	539	294	397	560	372	543
Monthly Average:						
Jan-Mar	125	68	294	127	98	411
April	164	91	397	180	79	543

As of mid-June, fishmeal prices, basis Europe, continued to weaken to about \$345 per ton, down nearly 30 percent from a year earlier. During the same period, soybean meal prices declined only about 13 percent.

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COTTON

The 1982/83 SOVIET cotton crop got off to a favorable start due to good weather conditions in April and May, according to the agricultural counselor in Moscow. In fact, the 1982 seeding was reportedly completed about as early in the season as the record 1980 crop. During the past 2 years, frost damaged the cotton and it had to be reseeded. This year, they did not reseed since there was little frost damage. If favorable weather conditions prevail throughout the growing and harvesting period, the crop outturn should be in line with the 1980 record level. However, the progress of the 1982 crop bears close watching since a shortage of irrigation water appears to be developing. Precipitation was scarce in April and May, and Kirgizia has already reported low water supplies.

The long-term outlook for increased cotton area in EGYPT appears to be dim. The Egyptian government plans to reduce the percentage of land allocated for cotton to allow for more soybean production. Observers expect the government to maintain cotton area at about 500,000 hectares. The Ministry of Agriculture is experimenting with production of higher yielding and earlier maturing medium-staple cotton on newly reclaimed lands. This will release other land for cereal production. During the 1981/82 season, the government encouraged farmers to plant and harvest 924 hectares of cotton on newly reclaimed lands in West Nubaria and in the Marriut region. Because of labor shortages in those regions, the government intends to move toward mechanization of planting and harvesting operations for medium-staple varieties.

BRAZIL is now planting cotton mostly of the IAC 17 variety. This variety has reportedly boosted yields over the IAC 13 variety, which was used extensively several years ago. However, in an effort to improve the Pressley strength (a determination of how much pressure it takes to break the cloth), small-scale production for testing the new IAC 18 and IAC 19 varieties is underway. The IAC 20 variety is also being developed to improve the Pressley strength.

The 1981/82 ARGENTINE cotton crop benefited from nearly perfect weather conditions during the growing and harvesting periods, minimal insect and disease losses, and the use of improved varieties. Also, peso devaluations of more than 300 percent more than offset the combination of lower international cotton prices and local inflation. Thus, the improved economic situation for Argentine farmers is expected to encourage additional plantings later this year for the 1982/83 crop.

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PAKISTAN's 1982/83 cotton crop should exceed the 1981/82 level, according to the U.S. agricultural attache in Islamabad. The new increases in support prices should encourage increased plantings. Reportedly, planting is nearly complete in Sind and southern Punjab and is progressing northward at a normal pace. Besides the increases in support prices, the outturn of the 1982/83 crop could be affected by the trial planting of three new varieties of cotton developed by the Nuclear Institute for Agriculture and Biology.

A trade team, sponsored by Cotton Council International (CCI) and FAS, visited CHINA in mid-June and met with officials of Chinatex in Beijing. An official of the Import Department said that in 1982/83 China would likely buy less U.S. cotton than the 868,000 bales it bought this season. Larger cotton stocks, especially at ports, and the outlook for another record cotton crop were given as the main reasons total cotton imports are expected to decline. The official said that China will likely purchase U.S. cotton, but it would determine the amount later when needs are known and an annual purchase plan is formulated.

TOBACCO

CZECHOSLOVAKIA produces only about one-fourth of its annual tobacco needs. In 1981, it imported about 20,000 tons of unmanufactured leaf, down 23 percent from 1980. Tobacco imports vary from year to year, depending on the need to replenish stocks, usually from Southern Europe, to provide the "Turkish blend" for its cigarette manufacturing. In the past, imports usually included small quantities of flue-cured leaf from the United States, nearly 1,000 tons in 1980, but none in 1981.

ITALY's 1981 unmanufactured tobacco exports rose 63 percent from 1980 to 75,810 tons. West Germany was the largest single market with 17,650 tons, followed by Poland, 9,462 tons; the United States, 8,040 tons; the Netherlands, 7,118 tons; Bulgaria, 4,134 tons; and Egypt, 2,514 tons. Exports to these six countries were two-thirds of total exports. By type, burley exports of 27,842 tons were 37 percent of total exports, followed by oriental with 19,631 tons (26 percent of total).

In contrast, Italian tobacco imports in 1981 dropped 22 percent to 23,228 tons. Imports from the United States were 8,881 tons, 52 percent below 1980. However, the 8,000 tons of tobacco imported from the United States in 1980 reportedly were mostly transshipments to other EC countries, while transshipments were few in 1981.

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CHINA'S 1981 cigarette output has reportedly hit a record 866 billion pieces, 14 percent above the estimated 760 billion pieces produced in 1980. China's demand for cigarettes, particularly medium-grade cigarettes, has been growing rapidly in the past 2 years, reflecting increases in average rural and urban incomes. To meet this demand, China in 1981 improved efficiency in manufacturing, increased production of filter-tips and made greater use of types of tobacco other than flue-cured.

In November 1981, China raised retail prices of cigarettes by an average of 50 percent for class 1 cigarettes, 23 percent for class 2, and 15 percent for class 3. There was no increase for lower grade cigarettes. These increases have reportedly shifted demand to lower quality cigarettes and may have prompted more rural consumers to roll their own. However, Chinese tobacco consumption is not believed to have decreased.

Tobacco production in Taiwan in 1981 is expected to reach 23,297 tons, up from 22,718 tons produced in 1981. The 1982 area is estimated at 9,330 hectares, up 10 percent from 1981. Grower prices were increased in 1982 by about 7-9 percent for upper grades 1-5 and fell for remaining grades. This is a means to encourage growers to produce high-quality leaf, which consumers demand in cigarettes.

HORTICULTURAL AND TROPICAL PRODUCTS

WORLD citrus production in the major producing countries is expected to be nearly 44 million tons during the 1981/82 season, down from 45 million tons a year earlier. Reduced output in the Northern Hemisphere is responsible for most of the decline. Volume for the Northern Hemisphere is projected to reach only 30 million tons--6 percent below the 1980/81 level and 12 percent short of the bumper 1979/80 harvest. Most of the shortfall occurred in the United States, where frosts in Florida during January severely damaged citrus groves. This more than offset larger harvests throughout the Mediterranean Basin and in Mexico.

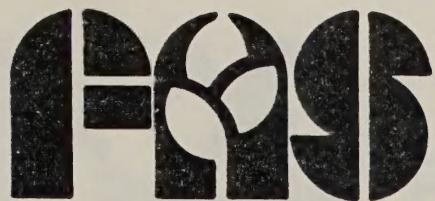
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Southern Hemisphere citrus production in 1981/82 is nearly 14 million tons, 7 percent higher than the 1980/81 volume. Brazil is expected to again harvest a record crop of oranges--the result of an increase in both bearing area and tree maturity, favorable weather conditions, and better cultivation practices. Similarly, initial estimates for the 1982 season indicate that the citrus industries in Chile, South Africa and Uruguay will continue to expand. Satisfactory weather conditions, new plantings coming into production, and good foreign demand will continue to be key factors in the continuing growth of the citrus fruit sector in these countries. Argentina is the only producer in the Southern Hemisphere expected to harvest short crops of all major citrus fruits. The projected outturn of 1.3 million tons is 8 percent below the 1981 level and the second consecutive shortfall since the 1980 harvest. For the past 2 years, unremunerative prices, declining exports and Argentina's overvalued peso forced growers to cut production costs. This was accomplished by sharply reducing the use of fertilizers and pesticides that adversely affected yields, particularly for the 1982 harvest. Data are as follows in 1,000 tons:

TOTAL CITRUS PRODUCTION 1/

	1979/80	1980/81	Forecast 1981/82
<u>Northern Hemisphere</u>	<u>34,248</u>	<u>31,936</u>	<u>30,012</u>
<u>Southern Hemisphere</u>	<u>12,602</u>	<u>13,099</u>	<u>13,973</u>
Argentina	1,478	1,466	1,345
Australia	535	449	485
Brazil	9,682	10,219	11,148
Chile	121	129	135
<u>South Africa 2/</u>	<u>678</u>	<u>727</u>	<u>745</u>
Uruguay	108	109	115

1/ Crop year: Northern Hemisphere--October/June; Southern Hemisphere--April/December. 2/ Includes Swaziland.



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CCC GUARANTEES AMENDED FOR AGRICULTURAL SALES TO KOREA

WASHINGTON, Oct. 1--Commodity Credit Corporation (CCC) Export Credit Guarantees to U.S. exporters for sales of U.S. tallow, soybeans, and cotton to the Republic of Korea have been amended according to Melvin E. Sims, general sales manager of the U.S. Department of Agriculture's Foreign Agricultural Service.

Repayment periods for sales of soybeans and tallow are amended to 18 months from the previously undesignated repayment period initially announced on Sept. 27, 1982, according to Sims.

Final sales registration and shipment completion dates for cotton are both amended to Dec. 31, 1983 from Sept. 30, 1983 as previously announced.

For further information, call Jack Rower (202) 447-3224.

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PR 164-82
Turrentt (202) 447-7937

FAS REPORT

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CCC EXTENDS EXPORT PERIOD UNDER GUARANTEE LINE TO BRAZIL

WASHINGTON, Sept. 29 --The Commodity Credit Corporation (CCC) today extended the export period under the \$355 million guarantee line authorized for this fiscal year to U.S. exporters for sales of U.S. wheat to Brazil under the Export Credit Guarantee Program (GSM-102), according to James E. Ross, acting general sales manager for the U.S. Department of Agriculture's Foreign Agricultural Service.

The export period has been extended from Jan. 31, 1983, through Feb. 28, 1983. A balance of \$31.2 million is currently available to U.S. exporters under this guarantee line. In order to be eligible for up to three-year coverage, all sales must be registered with CCC by Sept. 30, 1982.

To be eligible for guarantees, U.S. exporters must submit an application along with a guarantee fee to CCC before export is completed. The guarantor is Banco do Brasil and/or other eligible banks.

The guarantee rates include a charge to provide for a per annum interest rate coverage of up to 8 percent on the guaranteed value. Exporters may apply for a guaranteed value up to a maximum of 98 percent of the port value.

Based on semiannual repayments of principal, plus accrued interest, the fee rate is 15.6 cents per \$100 for six months; 23.4 cents per \$100 for one year; 39.3 cents per \$100 for two years; and 56.5 cents per \$100 for three years.

Based on equal annual repayments of principal, plus accrued interest, the fee rate is 32.9 cents per \$100 for one year; 50.1 cents per \$100 for two years; and 69.2 cents per \$100 for three years.

For further information, call Lorraine Potts (202)447-3224.

PR 163-82
Turett (202)447-7937

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 29, 1982	Change from		A year
		previous week	:	ago
	\$ per m. ton	\$ per bu.	¢ per bu.	\$ per m. ton
Wheat				
Canadian No. 1 CWRS-13.5%.....	195.00	5.31	0	1/
U.S. No. 2 DNS/NS: 14%.....	174.50	4.75	-4	189.00
U.S. No. 2 DHW/HW: 13.5%.....	173.00	4.71	-3	197.00
U.S. No. 2 S.R.W.....	1/	1/	1/	143.00
U.S. No. 3 H.A.D.....	171.00	4.65	-11	192.00
Canadian No. 1 A: Durum.....	1/	1/	1/	1/
Feed grains:				
U.S. No. 3 Yellow Corn.....	120.50	3.06	-14	146.00
U.S. No. 2 Sorghum 2/.....	1/	1/	1/	148.00
Feed Barley 3/.....	1/	1/	1/	132.00
Soybeans:				
U.S. No. 2 Yellow.....	247.50	6.74	-16	275.50
Brazil 47/48% Soya Pellets 4/.....	220.00	--	-9.00 5/	1/
U.S. 44% Soybean Meal (MT)....	213.00	--	-7.00 5/	234.50
EC Import Levies				
Wheat 6/.....	96.80	2.63	-26	106.75
Barley.....	84.65	1.84	+15	82.90
Corn.....	93.70	2.38	+3	69.90
Sorghum.....	92.75	2.36	-3	67.40

1/ Not available.

2/ Optional delivery: Argentine Granifero Sorghum.

3/ Optional delivery: Canadian Feed Barley.

4/ Optional delivery: Argentine.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis July delivery.

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